

SECRET/SENSITIVENEXT STEPS

Phil Habib will seek to get Begin to agree to a cease-fire and immediate Israeli withdrawal. His chances of complete success are small until the Israelis have accomplished their stated aim of establishing a new buffer zone which would put all artillery and rockets out of range of Israel proper. Therefore, measuring Israeli responsiveness to Habib's initiatives may be difficult and will be a subjective call. Any forward movement to accomplish Habib's goals should be taken as success, implying we should not take punitive actions against Israel at this time. If Habib fails to make discernable progress and the outlook is bleak, we should then consider the following range of initiatives:

A. If Israelis are not responsive:

--join in voting for a condemnatory resolution of Israeli actions in the Security Council;

--immediately report to the Congress that a "substantial violation" of our 1952 Mutual Defense Assistance Agreement with Israel "may have occurred" (this does not imply an automatic suspension of military equipment is necessary);

--Begin visit

(1) either inform Begin that under the circumstances, the President must postpone their June 21 meeting; or

(2) tell Begin that, while the President will still meet with him, under the circumstances we will not be able to proceed--as indicated earlier in the President's late May letter to Begin--with implementation of the MOU and defense trade measures;

--selective to full suspension of military equipment (determination of exact equipment be made in consultation with DOD and based on current pipeline) until certain as-yet-undetermined conditions have been met (recognizing this will have no immediate military impact on Israel);

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--develop "administrative difficulties" in meeting immediate delivery dates for arms pipeline items (Note: Having already disbursed the final tranche of FY82 Economic Support Funds two weeks ago, we will have no "economic" pipeline for several months);

--curtailment of our efforts to assist in gaining diplomatic support for Israel in third countries and international bodies (possibly to include current debate over Israeli membership in International Atomic Energy Agency);

--strongly worded press statements condemning Israeli action;

--proposing a reduction in FY83/84 levels of military/economic assistance (including taking offensive on recent Congressional actions to raise levels/improve terms of FY83 assistance);

--seeking allied cooperation in demands and actions designed to raise cost to Israel of continued intransigence;

--make symbolic gestures of disapproval such as stopping ship visits and high-level USG visits.

B. If Israelis are responsive (even partially) to Habib:

--continue present course of influencing Israel to withdraw;

--string out Security Council debate to avoid condemnatory language as long as Israel is cooperating in cease-fire/withdrawal;

--encourage expansion of UN or other international peacekeeping operation;

--distance the US from Israeli use of violence, but avoid steps which will do great damage to bilateral relations;

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--immediately initiate steps to allieveate war  
suffering and damage in Lebanon;

--above all, remain flexible to Israeli/others  
suggestions for accomplishing ceasefire and withdrawal.

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